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Seas of Trouble: Enduring Territorial Conflicts in East and Southeast Asia

Felix Heiduk and Michael Paul

In the last five years, tensions have increased between China and a number of neighboring states over territorial disputes in the East and South China Sea. In some cases, there have even been threats of armed conflicts. China's increasingly aggressive behavior has stoked fears that long-simmering conflicts could escalate. This dismal picture began to brighten considerably, however, in the last half of 2014. In November, in the run-up to several important international summit meetings in the region, including the ASEAN Summit and the East Asia Summit (EAS), the parties to the conflicts began cautiously moving closer to one another and the security situation improved. Nevertheless, the drivers of the conflicts remain unchanged. They include conflicting territorial claims, strategic misperceptions, and contested regional orders.

The territorial conflicts in the East and South China Sea are symptomatic of both the changing power structures in the Asia Pacific and the widely differing conceptions of regional order of the United States and China, with no sign of convergence. The parties to the conflict therefore remain unsure as to how their perceived adversaries will behave in the future. The resulting strategic uncertainty will continue to shape developments in the region in the immediate future.

China's confrontational foreign policy in recent years has prompted its neighboring states to close ranks. In fact, the People's Republic has achieved something an American government could never have done single-handedly: It has driven traditionally

US-critical neighbors like Vietnam into Washington's arms and facilitated a renewed, intensified partnership between the United States and the Philippines.

In recent months, however, Chinese diplomacy has appeared less confrontational, and Beijing has been taking a more conciliatory approach toward Japan, Vietnam, and the Philippines. For example, the Japanese Foreign Ministry registered an average of seven patrols per month by Chinese boats in Japanese-claimed waters between January and October 2014 compared to an average of 16 patrols per month in 2013. And at the APEC Summit, a meeting took place between the Chinese and Japanese heads of state, Xi and Abe, followed by official statements from China and Japan

on the island conflict. Here, for the first time, Japan conceded that there were fundamentally different positions in the conflict. Before this, Japanese government leaders had refused to even discuss the Chinese claims. Japan's acknowledgment was widely seen as an important step towards an improvement in Sino-Japanese relations.

Xi Jinping also met with Philippine President Benigno Aquino at the APEC Summit. Following their meeting, Aquino, too, commented that there were signs of a "new beginning" in relations between the two countries. In the weeks preceding the APEC Summit, Vietnam and China had already begun moving closer after months-long conflict over the Paracel Islands in the South China Sea. The two countries agreed, among other things, to create a hotline to avoid incidents at sea. Beijing had previously removed a drilling platform from waters claimed by Vietnam.

Unresolved territorial conflicts

Despite the current easing of tensions, territorial disputes in the East and South China Sea remain unresolved. China's diplomatic relations with its neighbors are pervaded by maritime conflicts over islands, coral reefs, and entire sea areas. In recent years, China's growing power and its increasingly confrontational behavior in Asia have fueled mistrust and raised suspicions that the People's Republic is pursuing anything but a "peaceful rise." Since 2009, China has made frequent threatening military gestures; Chinese ships have attacked fishing boats and other vessels, and what is more, China did not stop short of unilaterally asserting control of disputed territories. All of this is in stark contrast to China's "charm offensive" in the early 2000s, when the country tried to present itself as a reliable and promising trade partner. In the meantime, however, China's image in East Asia has deteriorated, and the country is now considered by many a potential threat to regional stability.

China's most notorious territorial dispute is over five islands in the East China Sea around 200 kilometers northeast of Taiwan, 400 kilometers west of Okinawa, and 300 kilometers east of the Chinese mainland. The Sino-Japanese dispute over the islands referred to in Japan as "Senkaku" and in China as "Diaoyu" does not just revolve around the wealth of fish and natural resources (oil and gas) in these waters. It extends, first, to broader disputes over territorial claims between China and Japan and the potential course of the border running between the two countries. Second, the island group is of immense geostrategic importance. And third, the islands are symbols of national pride and defiance. Hence the question which of the two sides will keep them and which will give them up has major domestic political ramifications. Furthermore, if China were to succeed in taking possession of the islands, this would also signify a severe loss of power for the United States as Japan's main ally, and would cause lasting damage to Japanese trust in the Japan-US security alliance. The island dispute is therefore part of a larger power struggle between China and the United States.

On November 23, 2013, Beijing established an Air Defense Identification Zone (ADIZ) in the East China Sea. In so doing, China was underscoring its claim not only to the Senkaku Islands but also to the surrounding area, which overlaps with territorial claims already established by South Korea and Taiwan. Chinese Defense Minister General Chang Wanquan declared in April 2014 that China has "indisputable sovereignty" over the islands and that it would make "no compromise, no concession, no treaty" on the issue. At the same time Barack Obama, during an official visit to Japan in April 2014, became the first US President to publicly confirm that US alliance commitments to Japan extend to the protection of the disputed islands under Article 5 of the bilateral security treaty.

In addition to the island conflict between Japan and China, there are also other

ongoing territorial conflicts in the South China Sea. China has laid claim to large parts of the South China Sea in an area delineated by the so-called “ten-dash line” on the basis of Chinese historic maps and documents. Yet the coral reefs and atolls in this area are claimed not only by China but also either in part or in whole by the Philippines, Malaysia, Taiwan, Brunei, and Vietnam. This again brings in the United States, which has declared a national interest in ensuring the freedom of navigation in this area. From the US government’s point of view, Beijing’s vast territorial claims are unsustainable under international law, and its ten-dash line is therefore illegitimate. Moreover, because of its treaty obligations to the Philippines, the United States could also be involved in the case of a military conflict in the South China Sea.

The Philippines and Vietnam in particular have become embroiled in acute territorial conflicts with China. The recent dispute between Beijing and Manila was triggered when a Philippine navy ship seized Chinese fishing vessels in an area around the Scarborough Shoal, which is part of the Spratly Islands. The Filipino inspectors claimed the Chinese boats were carrying endangered maritime species collected within the Philippines’ 200 nautical mile exclusive economic zone (EEZ). The United States brokered a settlement between the two sides in June 2012. But only the Philippine ships withdrew as agreed, and since then, Chinese ships have maintained *de facto* control over the area. Manila responded by submitting a case against China before the International Tribunal for the Law of the Sea (ITLOS).

The current disputes between China and Vietnam revolve around the Paracel Islands, which have been controlled by China since 1974. When Hanoi passed a law in 2012 demarcating Vietnamese sea borders to include the group of islands, Beijing responded by creating a prefecture (Sansha) to administer the Paracel and Spratly Islands. In May 2014, China moved a drilling platform into waters off the coast of

Vietnam south of the Paracel Islands. While Beijing considers this area to be part of Chinese territory, Vietnam sees it as part of its own EEZ. It was unambiguous, however, that China located the drilling platform in disputed waters and that this was intended as a provocation. Tensions increased when—according to Vietnamese accounts—Chinese ships surrounded, rammed, and sank a Vietnamese fishing boat near the islands. Beijing, however, responded that the boat had forcefully intruded into its territory, rammed a Chinese ship, and then capsized. Thereafter, the drilling platform was removed and diplomatic relations between Hanoi and Beijing were stepped up markedly. Notwithstanding this, China announced in October 2014 that it had constructed an airstrip on Woody Island, one of the contested Paracel Islands. At the same time, the Chinese launched land reclamation activities on the Johnson South Reef, which is also claimed by Vietnam. In other Vietnamese-claimed waters (e.g., the Vanguard Bank), Chinese research vessels have continued their maritime research activities escorted by navy warships.

Furthermore, while Japan, Vietnam, and the Philippines have been the main parties to territorial disputes with China up to now, it is feared that Indonesia may soon be drawn into the territorial disputes as well. Jakarta has always emphasized its role as a “non-claimant state” and has called repeatedly for a peaceful resolution to the conflicts. Simultaneously, the Indonesian government has officially protested Chinese claims to sea areas that are part of Indonesia’s exclusive economic zone around the Natuna Islands. Yet Indonesia has consistently refrained from referring to this as a “territorial dispute” with China. From the Indonesian point of view, doing so would have lent a certain validity to the Chinese claims. In addition, Jakarta has gone to great lengths to avoid calling its strategic partnership with China, which was forged in 2005, into question. Yet the increasingly frequent intrusions of Chinese vessels into waters surrounding the Natuna Islands are

a source of concern for Indonesia. The Indonesian military therefore announced plans in February 2014 to strengthen its presence in the Natuna Islands by deploying a squadron of Sukhoi fighter aircraft and four Apache attack helicopters to its military base there. This does not signify an about-face in Sino-Indonesian relations, but it has nonetheless stoked fears that Indonesia could lose its role as an “honest broker” in the conflicts over who controls the South China Sea.

(Mis-)Perceptions and strategic uncertainties

Beijing’s more assertive foreign policy approach has broad support within the Chinese population. The majority of the public and the ruling elites share the view that the country is not making sufficient use of its military strength to pursue its foreign policy objectives. What is viewed elsewhere as aggressive expansion is seen in China as the consolidation of justified claims to power. China has repeatedly pointed out that it is far behind other countries in asserting its territorial claims and in developing underwater oil and gas reserves. If it wants to avoid losing the race for hegemony in the South China Sea, China will have to assert its claims quickly and effectively. In this context, the “Asia pivot” of the United States and increased US ties to countries like the Philippines and Vietnam are interpreted by Beijing as attempts to “contain” China. China sees itself as the “victim” of such containment efforts and as being pushed to adopt a defensive stance in its foreign policy, even towards significantly smaller neighbors like Vietnam and the Philippines. Xi Jinping’s keynote foreign policy address in late November left little doubt that the Chinese leadership considers its “more aggressive” foreign policy of recent years to have been a success. A strategic change of course in the near future is therefore unlikely.

The largely positive domestic view of China’s more self-confident role on the

world stage stands increasingly at odds with the country’s negative image in the region: Japanese, Filipino, and Vietnamese respondents to a 2014 survey cited China as the greatest threat to their respective countries. In response to the question of whether China’s disputes with its neighbors could escalate into military conflicts, 93 percent of respondents in the Philippines, 85 percent in Japan, 84 percent in Vietnam, 83 percent in South Korea, and in another survey, more than half of respondents in China (53.4 percent) answered “yes”.

From a Vietnamese perspective, the lack of “regional trust” in China results mainly from the threat Beijing’s expansionist policy poses to regional security and stability. In the view of Vietnamese Chief of Staff General Do Ba Ty, nothing has changed in China’s general strategy of asserting its territorial claims through unilateral action, whether by occupying islands and reefs or by creating artificial islands. Coming from there, China’s more subdued rhetoric has not been accompanied by any observable change in the country’s behavior.

The view from the Philippines is similar to that from Vietnam. Political decision-makers and the media have repeatedly described China’s foreign policy as a “creeping invasion.” The President of the Philippines, Benigno Aquino III, has often compared Chinese claims to hegemony over the South China Sea with Nazi Germany’s claim to the Sudetenland. The Philippines see themselves as confronted with a militarily and economically superior power that seems to be working to gradually expand into Philippine territory. Aquino described the current situation by saying: “At what point do you say ‘Enough is enough’? Well the world has to say it—remember that the Sudetenland was given in an attempt to appease Hitler to prevent World War II.”

Japanese Premier Minister Shinzo Abe compared the significance of the Senkaku/Diaoyu Islands to that of the Falklands, saying that, like the British under Margaret Thatcher in 1982, he would be willing to go

to war for them. Some observers have painted an even bleaker picture of the Sino-Japanese island conflict in the East China Sea, likening the situation to 1914, when the world stood at the brink of World War I. Even if these historical analogies may not entirely fit the case at hand, the statements and inherent views reveal a deep mistrust toward Beijing. In addition, all the parties to the conflict have intensified their nationalist rhetoric—mainly in order to appear defiant to their constituencies at home. However, the instrumentalization of nationalist discourses to gain political legitimacy is also putting governments in Beijing, Hanoi, and Manila under increasing pressure to project strength in foreign policy as well.

Geopolitical rivalries and contending regional orders

The territorial conflicts between China and its neighboring states are part of a broader geopolitical struggle between China and the United States for power and influence in the Asia-Pacific. For Washington, this geopolitical space has played an important role in its efforts since the end of World War II to ensure the prevalence of a US-led regional order as well as to maintain America's role as a global superpower. For China's ruling party, control over its maritime periphery is critical for survival, especially economically. Since China's integration into the global economy, maritime transport routes have taken on critical importance, and safeguarding these waterways has become a political imperative. They have become an "integral component of China's national interest" as laid out in a defense ministry statement in Beijing in 2013. Given China's reliance on these sea routes, a peaceful and stable maritime situation has become decisive for the country's development. Critical Sea Lines of Communication (SLOCs) like those that run through the Straits of Malacca ensure trade and the supply of oil, gas, and natural resources as well as food and consumer goods. They not only allow the government in

Beijing to pacify the population with economic growth and a stable supply of goods but more importantly provide legitimacy for the continuing one-party rule of the Communist Party. The protection of maritime trade routes and the stability of the Chinese regime thus represent two sides of the same coin.

In addition to protecting maritime supply lines, Beijing is therefore also attempting to restrict the decades-long operational freedom of the US Navy on China's maritime periphery. According to a Pentagon report, China now has not only the largest fleet of warships, submarines, and amphibious warfare ships in Asia but also long-range anti-ship ballistic missiles. With these capabilities, Beijing can now either prevent other states from gaining access to regions, at least in specific geographic areas and for limited periods of time (anti-access, A2) or restrict other states' free operations in a region (area denial, AD). Chinese A2/AD capabilities in the East and South China Sea have the potential to limit the US ability to project power in China's maritime periphery. Because of this, they are viewed as an instrument to counter the perceived containment of China by the US and its allies and to undermine American leadership in the region.

But China is not only working to expand its military strength; it is also striving to steadily increase its political influence in the region. Xi Jinping is generally working to identify "Asian solutions to Asian problems" under China's leadership and to thereby limit the influence of outside powers (especially the United States). Xi's "new model" for bilateral relations between the two major powers, the United States and China, envisions a comprehensive power shift within Asia to Beijing. In line with this model, the vision of a Sino-centric regional order is reflected in a number of recent Chinese initiatives and activities: the newly founded Asian Investment and Infrastructure Bank (AIIB); Beijing's support for a free trade agreement (Regional Comprehensive Economic Partnership, RCEP) that the ASEAN countries are negotiating with

countries including Australia, China, India, and Japan but excluding the United States; China's prominent role in the Chiang-Mai Initiative (CMI), a multilateral currency swap arrangement; Beijing's efforts to forge closer economic ties with China's western neighbors by establishing a Eurasian as well as a maritime economic belt ("Silk Road"); and the Xiangshan Forum, a bi-annual exchange on security and defense policy which could serve as the Chinese counterpart to the Shangri-La Dialogue in Singapore.

As America's first "Pacific president," Obama has reacted with a strategy of "Asia-Pacific Rebalance." The aim is to reassure the states in the region—particularly US allies that are nervous about China's growing strength—that they can continue to rely on the United States as the guarantor of the status quo in the Pacific. The United States' intention to restore US power in the region has political, economic, and military dimensions. A key aim is to strengthen existing alliances and to expand partnerships. However, in supporting its allies and partners in Asia, Washington will have to balance between providing necessary protection and assistance and encouraging a measure of caution and restraint. On the one hand, the US needs to urge its allies in the region to undertake their own efforts in resisting Chinese ambitions, backed with the assurance of US protection. But the US also needs to discourage its allies from aggressive behavior toward China, for instance in maritime territorial disputes that could entangle the United States in a military confrontation against its will. Obama recently summarized the general view of the United States at the close of the G20 Summit in Brisbane. According to the US President, Asia is currently facing a stark choice between two competing models for the region's future political order: on the one hand a (US-dominated) model that envisions more integration, more justice, and more peace; and on the other hand a (Chinese) model dominated by disorder and conflict.

In addition, economy and trade are both the underlying causes as well as the instru-

ments of the US shift in strategic focus. Not only is Asia of paramount importance to the global economy in general; it has also gained particular relevance in the context of President Obama's national export initiative. Growing American economic interests in Asia and the growth in import and export trade, mostly in goods transported by sea, make the West Pacific an area of immense geo-economic significance. The United States must therefore have an interest not only in freedom of navigation in this area but also in a stable economic order—both of which require safeguarding. Already during the Clinton administration, efforts were made to support Asia-Pacific Economic Cooperation (APEC) as a regional forum, and Clinton's successor, George W. Bush, launched negotiations over a Trans-Pacific Partnership (TPP) with various states in the region, but excluding China. In Washington's view, the TPP offers a chance to consolidate US economic interests and define the rules of the world economy for years to come. It therefore essentially represents the trade policy dimension of the US "Asia pivot." From an American standpoint, the TPP would also reinforce US security policy and promote American exports. Washington's plans to advance an American vision of economic policy in the form of the TPP at this year's APEC summit suffered a severe setback, however, when the Free Trade Area of the Asia-Pacific (FTAAP) was included on the summit agenda. Observers interpret its addition to the APEC agenda as a direct challenge to the TPP due to the fact that the FTAAP was conceived by Beijing years ago as the antithesis to the TPP. The FTAAP would include all APEC member states and thus almost half of the world's population. A study launched at the APEC summit to examine various aspects of the FTAAP's potential realization is scheduled for presentation in 2016. All of this illustrates the emergence of competing visions of regional order on the economic policy level as well, and they are likely to continue to exist despite the current easing of tensions.

Conclusion: Improved political climate, enduring conflicts

China's conciliatory gesture towards Japan at the APEC Summit in November 2014 and the Sino-American deal to reduce harmful emissions have improved the political climate, yet they have brought about no fundamental changes in Chinese foreign policy. There is still great uncertainty over whether China's current more conciliatory diplomacy is part of a "cyclical" alternation between ambition and restraint, or whether Chinese leaders have recently embarked on a more cautious medium-term approach due to protests from neighboring states. These tactical questions aside, there is still no sign that China's overall ambitions and objectives will be changing anytime in the near future. A report published in Jane's Defense Weekly in November 2014 provided satellite imagery showing Chinese dredgers dumping sand on three kilometers of reef in the Spratly Islands to create an artificial island. According to the report, the new landmass would be large enough to build an airstrip. An artificial harbor was also constructed. The report also mentions that China has reclaimed three further islands over recent months which could serve as a future base for Chinese fishing boats or the coast guard.

China is working on various levels to expand its influence, while the United States is attempting to maintain the status quo. Despite widespread opposition to Chinese efforts, Washington's ability able to prevail against Beijing has been under increasing doubt in the region due to the rising number of crises, conflicts, and wars in other parts of the world in recent times. And since the issues driving the conflicts in the Asia's troubled waters continue to be unresolved, strategic uncertainty will remain a key factor in the foreign policy decisions of states in the region.

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